

France's Retail Food Sector Is Booming

By Roselyne Gauthier

In France, supermarkets and large city center stores account for 75 percent of total retail food sales. Consumer-ready foods are growing in popularity. Potentially lucrative opportunities exist for U.S. food exporters in a number of niche markets

The Dynamic French Market

Diverse yet readily understandable, France's retail store network closely resembles that of the United States. There are

discounters, hypermarkets, supermarkets, city center stores, department stores, and small neighborhood and specialized food stores.

Consolidation of large retailers is ongoing. For example, in 1999, retailers Carrefour and Promodes merged, creating the world's second largest retail chain after Wal-Mart. With an eye to capturing market share from the restaurant and fast food sectors, many hypermarkets and supermarkets have begun to sell ready-to-eat foods such as roasted meats, fresh baked breads and pastries. They are also selling premium quality foods including regional and exotic products.

The aggressive expansion of mass distribution outlets threatens corner grocery

stores, bakeries and butcher shops that account for 20 percent of France's retail food distribution. To survive, these stores must have flexible hours, product variety and special services such as home delivery.

Road Map for Market Entry

To succeed in introducing food products into the French market, U.S. exporters must have local representation and personal contacts. Local representatives can provide up-to-date information on business practices, trade laws, and marketing and distribution strategies.

Depending on the product, U.S. exporters can penetrate the French market either through France's Central Buying Office or through specialized importers.



TO SUCCEED, U.S. COMPANIES MUST AGGRESSIVELY ENTER THE COMPETITIVE FRAY.

A Few Barriers for U.S. Exports

- A 1962 French decree prohibits poultry meat and egg products from countries that use certain additives in poultry feed compounds.
- Vitamins may not be added to food products, except for diet or health foods.
- French regulations also prohibit imported products made with vitamin-enriched flour.
- For more information on product trade restrictions, please refer to Food and Agricultural Import Regulations and Standards (FAIRS) reports. To find them on the Web, go to www.fas.usda.gov, select **Export Programs** and **FAIRS**.

Producers of new-to-market and niche products usually enter through local importers.

To meet import requirements, U.S. companies must provide product descriptions and price quotations, submit products for laboratory testing and obtain sanitary and health certificates. Once a product meets all these import requirements, the French Central Buying Office will include it in its referencing list and offer it to supermarket buyers, who can then order the product directly. The Central Buying Office registers and approves all suppliers as well as products, applies tariffs and imposes controls to ensure products comply with French regulations.

The Competition Is Intense

The United States faces many competitors in the French market, beginning with France itself. With its highly developed food sector, France is the European Union's (EU) most competitive producer, processor and exporter of agricultural and processed food products. In 2000, the Netherlands,



Belgium, Luxemburg, Germany, Spain, the United Kingdom and Italy provided 69 percent of France's total agricultural imports. Outside the EU, Brazil is the largest supplier to France, mainly of bulk products, as well as orange juice and juice concentrates.

Most successful exporters from EU countries conduct some form of market



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promotion to make inroads into the French market. Products such as fresh or preserved fruits and vegetables, wines, beer, fish and meats are commonly promoted in trade shows, advertisements and supermarkets. Non-EU countries doing the most market promotion include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada. To be successful, U.S. companies must be prepared to aggressively enter the competitive fray.

Best Product Prospects

Large U.S. and multinational companies have been in the French market for a long time, and have adapted their products to French tastes. Best prospects for U.S. exporters include: fish and other seafood; tropical fruits and nuts; beverages, including wines and spirits; innovative diet, health and organic foods; and foods with a regional American image (for example, Louisiana, Tex-Mex and California).

Health concerns and constant tax increases on alcoholic beverages have decreased French consumption of these drinks, while boosting demand for mineral

water and fruit juices. Organic foods are quickly rising in popularity among increasingly health-conscious French consumers. A desire to return to tradition is drumming up demand for soup. The growing number of pets in France has stimulated demand for conventional and organic pet foods. In addition, strong niche markets exist for candies, chocolate bars, wild rice and kosher foods. ■

The author is an agricultural specialist in the FAS Office of Agricultural Affairs, U.S. Embassy, Paris, France. For more information, or for assistance in entering the French retail market, contact that office at: Tél.: (011-33-1) 4312-2277; Fax: (011-33-1) 4312-2662; E-mail: agparis@fas.usda.gov; Web site: www.amb-usa.fr/fas/fas.htm

For further details, see FAS Report FR1082. To find it on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

